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Stanbic Bank Zambia PMI[®]

Renewed decline in Zambian private sector performance in March

Key findings

Fresh falls in output and new orders as demand weakens

Slower increases in input costs and selling prices

Supplier delivery times improve to a greater extent

The Zambian private sector signalled a return to contraction territory in March as business conditions deteriorated, according to the latest PMI[®] data. The fresh downturn was largely driven by renewed falls in output and new orders amid weak client demand and challenges securing new work. Although employment continued to increase, firms were less optimistic in the outlook for output over the coming year. Companies also cut their input buying and reduced stocks, despite a rise in backlogs of work.

Meanwhile, rates of input cost and output charge inflation eased. A softer rise in overall input prices stemmed from slower increases in both purchase and staff costs.

The headline figure derived from the survey is the Purchasing Managers' Index[™] (PMI). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

At 49.3 in March, the headline PMI was down from 50.9 in February to signal a renewed downturn in the health of the Zambian private sector. The latest decline was only marginal overall but ended a three-month sequence of improvement.

The decrease in the headline index stemmed in part from fresh contractions in output and new orders at the end of the first quarter. Zambian companies stated that reduced purchasing power at customers had weakened demand conditions which hampered both business activity and new sales.

Although any signs of expansion in output were confined to the manufacturing sector, agriculture was central to the drop in new business.

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-25 March 2025

Comment

Musenge Komeki, Head of Sales at Stanbic Bank commented:

“The Zambian private sector experienced a slight decline in performance in March, as weak demand led to reduced output and new orders. Inflation eased, and vendor performance improved, while hiring continued despite lower optimism.”

At the same time, total input costs continued to rise in March, albeit at the softest rate since February 2024. Slower upticks in both staff and purchase costs were also recorded. Where increases were reported, however, these were linked to higher prices for fuel and imported goods, plus one-time motivational payments to staff for overtime.

In line with efforts to discount and boost new sales, output charges rose at a weaker rate in March. The rate of selling price inflation was the slowest in 19 months and below the series average.

Lower new business led firms to reduce their input buying in March, as some noted the use of stocks to fulfil order requirements. Inventories fell for the second time in the last three months.

Subdued demand for inputs and greater competition among suppliers spurred a third successive monthly improvement in vendor performance at Zambian firms. The extent to which lead times shortened was the joint-largest since September 2023.

Despite business confidence in the outlook for output over the coming year moderating from February, Zambian companies continued to take on additional workers in March. Employment growth quickened slightly amid signs of strain on capacity and a renewed rise in backlogs of work.

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Survey methodology

The Stanbic Bank Zambia PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected March 2015.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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Stanbic Bank Zambia Limited is the largest bank in Zambia by balance sheet, offering a full range of banking and related financial services. The Bank is well capitalized and its capital position is above the regulatory minimum.

The Bank which has more than 60 years' operating experience has a huge network of branches countrywide offering full spectrum of financial services from retail to corporate and investment banking

Our strategy is to be the leading financial services organisation in, for and across Zambia, delivering exceptional client experiences and superior value. We believe we can achieve this as Zambia is our home, we drive her growth. The Bank has been an integral part of the Zambian economy and is a leading player in the country's financial services sector. <http://www.stanbicbank.co.zm>

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